



WAKE FOREST UNIVERSITY

Charitable Contributions Made by the University Administrative Procedure

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Responsible Official: Associate Vice President, Finance & Administration and Controller
Related Policies: Section 7.4.2 of the Bylaws of the Board of Trustees pertinent to qualified charitable organizations

Policy

Wake Forest University is a not-for-profit, tax-exempt institution, categorized by the Internal Revenue Service as a 501(c)(3) organization. As such, the University may only make contributions (funds, goods, or services) to another entity, qualified charity, or individual when certain conditions or criteria are met and when the contribution relates to the mission of Wake Forest University.

A charitable contribution to another qualified charitable organization has an annual dollar limitation, not to exceed \$10,000 per organization in a fiscal year, as provided in the Related Policy Resolution supporting 7.4.2 of the University Bylaws. Amounts in excess of \$10,000 require the additional approval of the Chair of the Board of Trustees.

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**Related Policies**

Gifts, Prizes, Donations, and Awards from University Funding Sources, <http://finance.wfu.edu/policies-and-procedures>  
Business Expense Policy, <http://finance.wfu.edu/policies-and-procedures>  
Accounts Payable Policy, <http://finance.wfu.edu/policies-and-procedures>  
Section 7.4.2 of the Bylaws of the Board of Trustees pertinent to qualified charitable organizations

**Related Document**

The Office of Foreign Assets Control’s master list of Specially Designated Nationals (OFAC’s SDN List) is maintained on OFAC’s website at [www.treas.gov/offices/enforcement/ofac/sdn](http://www.treas.gov/offices/enforcement/ofac/sdn).  
The TEL, Terrorist Exclusion List, designations do not trigger any legal obligations for U.S. entities; however, the TEL does provide entities with additional terrorist-related information that may assist in making well-informed decisions on how best to protect themselves from terrorist abuse or associates. For further information regarding the TEL, including access to the list containing all TEL designees, please refer to the U.S. Department of State’s website at <http://www.state.gov/j/ct/rls/other/des/123086.htm>.

**Responsibilities**

It is the responsibility of all parties who are related to Wake Forest University and request that the university contribute funds to a charitable entity to know and adhere to the guidelines set forth in this policy and administrative procedure. Any request that is deemed questionable, with respect to meeting the stated criteria, is forwarded to the AVP for Finance & Controller for review and determination.

**Requestors**

Faculty, Staff, Students, and any other related parties requesting the use of the University’s unrestricted funds to provide a charitable contribution must adhere to the provisions set forth in this administrative policy and its accompanying procedure. Complete documentation substantiating compliance with Accounts Payable’s Business Expense Policy and the criteria outlined herein must accompany such request. Restricted funds are, by definition, restricted to a specific use which may be donative in nature.

**Financial & Accounting Services:**

**Accounts Payable Department**

Accounts Payable staff must review any such requests, confirm compliance with this administrative policy, and forward compliant requests for approval, or return

the request to the requestor when insufficient. For example, Accounts Payable staff may query supplier payment history to identify and ensure that multiple contributions are not being made to the same charity through different departments for the same purpose. Approved requests are processed for payment.

### **Tax Department**

The Tax Director has oversight of any tax implications for the University. IRS Form 990 requires the listing of name, address, and tax identification number of any organization to which the University gives, grants, or donates in excess of a published threshold. All charitable contributions are deductible against the University's unrelated business taxable income, provided that we have and retain our charitable acknowledgement receipts for gifts exceeding an IRS published dollar threshold amount as it relates to the IRS Form 990. The Form 990 also requires the listing of every grant or donation provided to a foreign organization. To ensure reporting compliance, this information must be provided and maintained in Financial & Accounting Services.

### **Associate Vice President for Finance and Controller**

The AVP for Finance and Controller, or appropriate delegate authority, reviews and approves, in writing, compliant requests for charitable contributions of the University. Requests for contributions to a qualified charitable organization in excess of \$10,000 per organization per fiscal year will be forwarded to the Chair of the Board of Trustees for review and potential approval.

### **Procurement Services**

Procurement personnel must review all purchase requisitions for compliance with the accompanying administrative procedure and route all such compliant requests to the AVP for Finance and Controller (or appropriate delegate authority) for written or electronic approval.

## **Procedures**

The University may make contributions (funds, goods, or services) to another entity, qualified charity, or individual as long as the contribution furthers the core mission of Wake Forest University with adherence to the following guidance and does not jeopardize the institution's 501(c)(3) status. However, the University cannot redirect honoraria on behalf of speakers, lecturers or other contractors. Certain ambassadors, judges, political candidates and clergy may *wave* their honoraria because of their professional positions or poverty vows and Wake Forest will honor their refusal to be paid. In the case of Clergy with a vow of poverty, WFU is able to provide payment to the visiting clergy's church which enabled the visit.

All contributions to a qualified charitable organization must be processed through Accounts Payable. These procedures exclude the payment of grants and subcontracts to other colleges, universities, and research institutions.

The following procedures must be performed and adhered to by the Requestor prior to submitting a payment request to Accounts Payable for payment processing.

**Basic vetting to ensure that the charitable organization is legitimate:**

1. Obtain U.S. charitable tax determination information prior to requesting any charitable contribution (you may refer to the charity's web site)
2. If the charity is not recognized as a U.S. charity by the IRS, then vet the charity for USA PATRIOT Act implications to ensure Wake Forest is giving to an appropriate organization, [http://www.fincen.gov/statutes\\_regs/patriot/index.html](http://www.fincen.gov/statutes_regs/patriot/index.html).
3. Verify the recipient (entity, charity, or individual) is not on the Office of Foreign Assets Control's ("OFAC") master list of Specially Designated Nationals (the "SDN" List), <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>.
4. Verify the recipient is not on the Terrorist Exclusion List (the "TEL" lists, created pursuant to the USA PATRIOT Act), <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.
5. Conduct a reasonable search of publicly available information to determine whether the charitable entity is suspected of activity relating to terrorism, including terrorist financing or other support. Wake Forest should not enter into a relationship with any entity where any terrorist-related suspicions exist

**Student Internships or Other Educational or Humanitarian Activity**

Students who volunteer their time with charitable organizations, or who receive paid internships from charitable organizations, should not be the catalyst which prompts a contribution from the University to the respective charity. If the University wishes to support the Charity's Internship program with a donation, it is important that the student's services are not connected with the contribution. The amount received by the charity should be designated for the charity's exempt programs and activities and should not be based on or made in reference to a student's services. Amounts paid to the student for the student's services either by Wake Forest or by the other Charity would be considered compensation to the student.

**Political Contributions**

The University, as an organization, may not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Failure to comply could revoke the University's exempt status and the IRS could impose excise taxes on the organization and its manager(s). University funds through direct payment of cash, pCard, discretionary accounts, or reimbursement of an individual, on a non-taxable basis, may not include:

- Political contributions
- Cash contribution to federal, state, or local candidates
- Hosting luncheons, providing University services or University supplies (e.g. letterhead, space/location rent free)
- Support of partisan political activity

Political activities of any kind should not occur under University sponsorship unless they are non-partisan, meet University procedures, and have had the prior review and approval by the University's AVP for Finance & Controller. As necessary, the AVP will consult regarding requested political contributions with the General Counsel, Office of Communications and External Relations, and the Tax Office.

## **General Guidelines for All Contributions**

- Political contributions are not allowed
- Donations to qualified charities are not allowed on a University Procurement Card (credit card)
- Individuals may not accept acknowledgement or allow tax credit
- Obtain U.S. charitable tax determination information from the charities to which WFU is making contributions (or other indication of charitable status, e.g. note from a web site)
  - If the charity is not recognized as a U.S. charity by the IRS, then the charity must be vetted for USA Patriot Act implications to ensure the University is giving to an appropriate organization (refer to the U.S. Department of Treasury Anti-Terrorist Voluntary Best Practices for U.S. Based Charities)
- Forward any tax or contribution acknowledgement letter to the Tax Department upon its receipt
- Form W-8 BEN is required for any contribution or grant to a foreign organization

## **How to Process**

- Complete the Expenditure Voucher Form or provide an invoice or statement from the charitable entity to request payment.
  - Furnish proof of vetting as a bona fide charitable entity and provide a statement to explain how the contribution furthers the mission of Wake Forest University.
  - Include the funding source (departmental budget code and account code 56018). Most sponsorships to charitable organizations have a contribution element and should be expensed to 56018 rather than 51010 (memberships and dues). It is essential that acknowledgement letters be forwarded to Accounts Payable because of the quid pro quo benefits that are usual in sponsorship situations.
- Submit the voucher to your approval authority.
- The approval authority submits the approved voucher to Accounts Payable for processing.
- Accounts Payable will review for completeness and understanding, returning any for clarification, or forwarding to the AVP for Finance and Controller for determination prior to payment.

## **Definitions**

*501(c)(3) organization:* Charitable organization as recognized by the Internal Revenue Service, <http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html>

*Office of Foreign Assets Control (“OFAC”):* acting under the Presidential national emergency powers, “administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States”  
<http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

*Specially Designated Nationals List (SDN)*: a list, published by OFAC, of individuals and companies owned or controlled by, or acting for or on behalf of targeted countries and includes individuals, groups, and entities designated under programs that are not country-specific. Their assets are blocked and U.S. persons and entities are generally prohibited from dealing with them. <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

*USA Patriot Act implications*: "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001" was passed by Congress in response to the terrorists' attacks of September 11, 2001. [http://www.fincen.gov/statutes\\_regs/patriot/index.html](http://www.fincen.gov/statutes_regs/patriot/index.html). The Act gives federal officials greater authority to track and intercept communications and combat corruption that may include foreign money laundering. Its goal is to deter and punish terrorist acts in the U.S. and globally and to enhance law enforcement investigatory tools.

**Contact(s)**

Contact the Director, Accounts Payable at 336-758-5183 or email [ap@wfu.edu](mailto:ap@wfu.edu).

**Web Address for Policy**

<http://finance.wfu.edu/policies-and-procedures>